

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



January 5, 2016

Stephen Zralek – Board Chair
Conexion Americas
2195 Nolensville Pike
Nashville, TN 37211

Dear Mr. Zralek:

Please find attached the monitoring report of the Conexion Americas relating to the contracts it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2015.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds and Direct Appropriation, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on September 24, 2015.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown

Kevin Brown, CMFO, CICA
Finance Administrator

cc: Renata Soto, Executive Director, Conexion Americas
Jose Gonzalez, Finance Director, Conexion Americas
Talia Lomax-O'dneal, Director of Finance

Gene Nolan, Deputy Director of Finance
Kim McDoniel, Chief of Accounts
Mark Swann, Internal Audit
Fred Adom, CPA, CGMA, CICA, Director, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Aaron Davis, CICA, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

CONEXION AMERICAS

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

January 5, 2016

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Conexión Americas. A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Conexión Americas or any of its component units. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive direct appropriations and Community Enhancement Funds from Metro government. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The purpose of this review was to assess the agency’s compliance with contractual requirements set forth in the following contract with Metro Government:

Contract	Type	Amount	Contact Term	
L-3269	Community Enhancement Funds	\$45,600	July 1, 2014	June 30, 2015
L-3268	Direct Appropriation	\$100,000	July 1, 2014	June 30, 2015

Agency Background

Conexión Americas was organized as a Tennessee not-for-profit corporation in 2002 to help Hispanic families realize their aspirations for social, economic and civic advancement by promoting their integration into the Middle Tennessee Community. The agency provided comprehensive support services to over 3,500 immigrant and refugee residents of Davidson County.

In 2005, Conexión Américas was named the recipient of the Best Innovative Partnership Award from Neighbor Works America for our Open Doors (Puertas Abiertas) homeownership program. In 2007, Conexión Américas received the

INTRODUCTION

national Family Strengthening Award presented by the Annie E. Casey Foundation and the National Council of La Raza (NCLR) and the Bank of America Neighborhood Builder Award, among several other awards and recognitions.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were met.
- 4) To test the reliability of the financial and programmatic reporting.
- 5) To verify contractual compliance.

The scope of our review was limited to the contract term July 1, 2014 through June 30, 2015.

The monitoring review procedures included meeting with agency management and staff, reviewing board minutes and obtaining written representations from management. In addition, we examined certain financial records and supporting documentation necessary to ensure compliance with contractual requirements set forth in the DA grant contract L-3268 and the CEF grant contract L-3269. Specific procedures included:

- Interviewing the employees responsible for grant management, financial reporting and accountability.
- Reviewing supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewing the agency's general ledger and verifying the accuracy of all invoices submitted to Metro.
- Reviewing documentation to determine that funds were used for intended beneficiaries and expended in accordance with the spending plan of the contract.
- Reviewing documentation to support program activities for consistency with grant requirements.
- Assessing the financial stability of the agency and its ability to continue to administer the grant program funded by Metro.

RESULTS OF REVIEW

SUMMARY OF RESULTS

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services Allowable and Eligible?		✓
Program Objectives Met?		✓
Reporting Requirements Met?	✓	
Compliance with Civil Rights Requirements?	✓	

RESULTS OF REVIEW

The overall results of the monitoring review are provided in this section. Results are based on testwork performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement and an action plan for implementation. This report provides more insight into any issues identified below.

1. Sufficient Resources and Capacity to Administer Grant Funds

Our review of the agency's accounting system and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional expertise to effectively administer the grant funds.

2. Allowable and Eligible Costs and Services

Our review covered all of the core compliance areas identified by 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency was in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro grant.

Based on our test work, costs and services during the period were allowable and eligible. However, agency failed to adhere to the approved spending plan line-item category limits per the grant contract. See findings #2 for additional details.

3. Program and Performance Objectives

The Community Enhancement Fund grant contract stipulates that the agency shall use the funds to provide services to the citizens of Davidson County the funds will be used to achieve the following outcomes:

- At least 150 English learners will successfully complete an ESL course by attending at least 80% of the classes
- At least 150 English learners will demonstrate increased understanding in reading and writing, through the use of a pre and post evaluation.
- At least 50 English learners will demonstrate increased conversational ability in English, through the use of a pre and post evaluation.

Based on our review of the CEF program documentation and discussions with staff, program performance objectives were not met and the agency was not in compliance with contractual program objectives. See findings #1 for additional details.

The Direct Appropriation grant contract stipulates that the agency shall use the funds to provide services to the citizens of Davidson County the funds will be used to achieve the following outcomes

- The contract stipulates that the agency shall use the funds to help support the new Casa Azafran Community Center by providing resources for, facility management and/or maintenance fees and furniture.

Based on our review of the DA program documentation and discussions with staff, program performance objectives were met and the agency was in compliance with contractual program objective.

4. Reliability of Financial and Programmatic Reporting

The contract requires submission of an annual audit report performed by a Certified Public Accountant. The contract also requires the agency to submit to Metro year end reports of the program outcome and a final expenditures report, no more than 45 days after the close of the contract.

RESULTS OF REVIEW

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. The agency complied with all financial and programmatic reporting requirements.

5. Civil Rights Requirements

Our review did not reveal anything to indicate that the agency was noncompliant with civil rights requirements. The agency also has necessary written policies and procedures relating to civil rights. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings are publicly displayed.

FINDINGS AND RECOMMENDATIONS

1. Community Enhancement Fund Program Performance Goals Not Met

Finding

The contract stipulates that the agency shall use the funds to provide services to the citizens of Davidson County. The funds will be used to achieve the following outcomes:

- At least 150 English learners will successfully complete an ESL course by attending at least 80% of the classes
- At least 150 English learners will demonstrate increased understanding in reading and writing, through the use of a pre and post evaluation.
- At least 50 English learners will demonstrate increased conversational ability in English, through the use of a pre and post evaluation.

Based on documentation provided, the OFA determined the following:

- Only 28 of the 150 planned English learners successfully completed an ESL course by attending at least 80% of the classes
- Only 41 of the planned 150 English learners demonstrated increased understanding in reading and writing, through the use of a pre and post evaluation.
- 21 English learners demonstrated increased conversational ability in English, through the use of a pre and post evaluation.

Therefore, the Conexion Americas failed to meet the required program objectives as stated in the Community Enhancement Fund grant.

Recommendation:

Management should take the necessary steps to ensure that program objectives are met and documentation to support program outcomes are maintained for review. Management should further review their objectives to make sure they are reasonable and obtainable.

2. Failed to Adhere to Approved Spending Plan

Finding

Conexion Americas failed to adhere to the approved spending plan line-item category limits per the grant contract. The approved spending plan included \$1,300 for professional fees. However, test revealed that the agency expended \$3,500 of grant funds within the professional fees line item. The variance between the actual amount of professional fees expended and the approved grant spending plan exceeded the 10% allowance. Therefore, the Conexion Americas was required to submit a budget revision request and obtain approval prior to incurring the grant expenditures. Per the Metro's Grant Manual, any deviation in the spending plan that exceeds 10% of the line-item must be approved in advance by the Division of Grants Coordination. The Office of Finance Accountability is not questioning the costs; however, the agency needs to adhere to the spending plan as required.

Recommendation:

The agency should request permission prior to making changes to the approved spending plan for the CEF grant for which exceed the 10% allowance.

Corrective Action Plan Required

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 14 days from the report date to the address below:

Division of Grants Coordination
PO Box 196300
Nashville, TN 37219
ATTN: Vaughn Wilson